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TO: All Insurers, other than Life or Health Insurers, Issuing Policies in Kentucky;
All Surplus Lines Brokers Exporting Insurance in Kentucky; and
All Licensed Agents Transacting Insurance in Kentucky.

From: Sharon P. Clark, Commissioner of Insurance

RE: Clarification of Bulletin 2010-02 Premium Surcharge Rate Adjustment

The Department of Insurance (DOI) has received numerous inquiries regarding the implementation of the Premium Surcharge Rate Adjustment. After conferring with the Department of Revenue, DOI is providing the following guidance.

Pursuant to KRS 136.392(1) (b), the commissioner of revenue shall advise the commissioner of insurance of any adjustment in the premium surcharge rate and the commissioner of insurance shall inform affected insurers of the adjustment. This rate adjustment will take effect April 1, 2010.

Examples of premium tax collections:

1. Any and all newly written business [with the exceptions listed in KRS 136.392(5)] written on and after April 1, 2010, shall use the new surcharge rate of 1.8%.
2. Any and all policies [with the exceptions listed in KRS 136.392(5)] renewing with an effective date of April 1, 2010, or after shall use the new surcharge rate of 1.8%.

Example: A policy term date of January 15, 2010 to January 14, 2011.

- A. Annual policy paid in full before April 1, 2010: The old surcharge rate of 1.5% is applied. All premiums were collected before April 1, 2010.
- B. Annual policy paid in full before April 1, 2010: Endorsement during the policy term generates additional premium, collected on or after April 1, 2010. Additional premium shall have the new surcharge rate of 1.8%.
- C. Annual policy paid in full before April 1, 2010: Refunding an unendorsed policy during the policy term resulting in a premium decrease or refund shall include the surcharge rate of 1.5% which the company originally collected.

For additional information or questions pertaining to KRS 136.392, please contact:

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